

**Introduced by Senator Knight**

December 3, 2012

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An act to amend Section 6380 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 19, as introduced, Knight. Sales and use taxes: exemptions: property for use in space flight.

The Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. That law provides various exemptions from that tax, including an exemption for the gross receipts from the sale of, and the storage, use, or other consumption of, qualified property for use in space flight.

This bill would expand this exemption to also include equipment and materials used to construct, reconstruct, or improve new or existing facilities designed to launch, manufacture, fabricate, assemble, or process equipment that facilitates the renovation, rehabilitation, or reconstruction of commercial space launch sites.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing law authorizes districts to impose transactions and use taxes in accordance with the Transactions and Use Tax Law which conforms to the Sales and Use Tax Law. Exemptions from state sales and use taxes are incorporated into these laws. Section 2230 of the Revenue and Taxation Code provides that

the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 6380 of the Revenue and Taxation Code  
2 is amended to read:

3 6380. (a) There are exempted from the taxes imposed by this  
4 part the gross receipts from the sale of, and the storage, use, or  
5 other consumption in this state of, qualified property for use in  
6 space flight.

7 (b) For purposes of this section:

8 (1) “Qualified property” means any of the following:

9 (A) Tangible personal property that has space flight capability,  
10 including, but not limited to, an orbital space facility, space  
11 propulsion system, space vehicle, satellite, or space station of any  
12 kind, and any component thereof.

13 (B) Tangible personal property to be placed or used aboard any  
14 facility, system, vehicle, satellite, or station described in  
15 subparagraph (A), regardless of whether that property is to be  
16 ultimately returned to this state for subsequent use, storage, or  
17 other consumption.

18 (C) *Tangible personal property in the form of equipment and*  
19 *materials used to construct, reconstruct, or improve new or existing*  
20 *facilities designed to launch, manufacture, fabricate, assemble,*  
21 *or process equipment that facilitates the renovation, rehabilitation,*  
22 *or reconstruction of commercial space launch sites.*

23 ~~(E)~~

24 (D) Fuel of a quality that is not adaptable for use in ordinary  
25 motor vehicles, but is produced, sold, and used exclusively for  
26 space flight.

1 (2) “Space flight” means any flight designed for suborbital,  
2 orbital, or interplanetary travel by a space vehicle, satellite, space  
3 facility, or space station of any kind.

4 (c) The exemption established by this section shall not be denied  
5 by reason of a failure, postponement, or cancellation of a launch  
6 of a space vehicle, satellite, space facility, or space station of any  
7 kind, or the destruction of any launch vehicle or any component  
8 thereof, ~~but the exemption shall not apply to any material that is~~  
9 ~~not intended to be launched into space~~ *thereof*.

10 SEC. 2. Notwithstanding Section 2230 of the Revenue and  
11 Taxation Code, no appropriation is made by this act and the state  
12 shall not reimburse any local agency for any sales and use tax  
13 revenues lost by it under this act.

14 SEC. 3. This act provides for a tax levy within the meaning of  
15 Article IV of the Constitution and shall go into immediate effect.  
16 However, the provisions of this act shall become operative on the  
17 first day of the first calendar quarter commencing more than 90  
18 days after the effective date of this act.